

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

52 Pa

Econ

THE

Demand and Price

FOR RELEASE
AUG. 9, A. M.

SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON D. C.  JULY 1950

Approved by the Outlook and Situation Board July 31, 1950

CONTENTS			
	Page		Page
: Summary.....	1	Fats and Oils.....	15
: Output and Employment.....	3	Corn and other Feeds.....	16
: Income and Related Factors.....	5	Wheat.....	17
: Commodity Prices.....	6	Fruit.....	18
: The Balance of Payments.....	9	Commercial Truck Crops.....	18
: Foreign Aid Funds.....	10	Potatoes and Sweetpotatoes.....	19
: Farm Income.....	11	Dry Edible Beans and Peas.....	20
: Livestock and Meat.....	12	Cotton.....	20
: Dairy Products.....	13	Wool.....	21
: Poultry and Eggs.....	14	Tobacco.....	22
:			

SUMMARY

The prospective increase in military outlays, arising from the Korean situation, is a strong new force in an economy which was already at a high level. This indicates that supplies of some commodities available to consumers will be reduced as military procurement expands.

Supplies of agricultural products are likely to be ample for both civilian and military requirements. Based on the July Crop reports, another year of large farm production is in prospect. Although crop output may be smaller than in 1949, principally because of reduced acreages for several major crops under the allotment program, production of livestock and livestock products will be larger. Larger carry-overs of wheat, corn and cotton than a year ago will largely offset smaller production of these crops this year.

Supplies of food available to civilians this year are expected to continue at about the same high level as in the past 2 years, even allowing for increases in military procurement of food.

Even before the outbreak in Korea, demand for most farm products was strong, reflecting record employment and increasing consumer incomes. The accelerated defense program will further strengthen demand.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1949		1950			
		Year	June	March	April	May	June
Industrial production <u>1/</u>							
Total.....	1935-39=100	170	169	187	190	195	199
All manufactures.....	do.	183	175	194	199	203	207
Durable goods.....	do.	201	194	211	222	231	236
Nondurable goods.....	do.	168	161	181	180	181	183
Minerals.....	do.	134	133	144	140	145	151
Construction activity <u>1/</u>							
Contracts, total.....	1935-39=100	363	340	479	495	477	
Contracts, residential.....	do.	471	431	631	730	743	
Wholesale prices <u>2/</u>							
All commodities.....	1926 = 100	155	154	153	153	156	157
All commodities except farm and food.....	do.	147	146	146	146	148	149
Farm products.....	do.	160	169	159	159	165	166
Food.....	do.	161	162	156	155	160	162
Prices received and paid by farmers <u>3/</u>							
Prices received, all products.....	1910-14=100	249	249	237	241	247	247
Prices paid, interest, taxes and wage rates.....	do.	250	252	250	251	254	255
Parity ratio.....	do.	100	99	95	96	97	97
Consumers' price <u>2/ 4/</u>							
Total.....	1935-39=100	169	170	167	167	169	170
Food.....	do.	202	204	196	197	200	204
Nonfood.....	do.	151	150	151	151	151	151
Income							
Nonagricultural payments <u>5/</u> ...	Bil. dol.	188.2	187.4	203.7	199.7	197.2	
Income of industrial workers <u>3/</u>	1935-39=100	325	320	335	339	347	
Factory pay rolls <u>2/</u>	do.	346	330	355	359	371	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing.....	Dollars	54.94	54.51	56.49	56.93	57.72	58.89
Durable goods.....	do.	58.03	59.19	59.74	61.12	61.72	63.14
Nondurable goods.....	do.	51.46	50.97	53.04	52.17	52.87	53.74
Employment							
Total civilian <u>6/</u>	Millions	58.7	59.6	57.6	58.7	59.7	61.5
Nonagricultural <u>6/</u>	do.	50.7	49.9	50.9	51.5	51.7	52.4
Agricultural <u>6/</u>	do.	8.0	9.7	6.7	7.2	8.1	9.0
Government finance (Federal) <u>7/</u>							
Income, cash operating.....	Mil. dol.	3,448	4,798	5,162	1,683	2,939	
Outgo, cash operating.....	do.	3,554	4,550	4,045	3,344	3,700	
Net cash operating income or outgo.....	do.	- 106	+ 248	+ 1,117	- 1,661	- 762	

Annual data for the years 1929-49 appear on page 19 of the March 1950 issue of The Demand and Price Price Situation.

Sources: 1/ Federal Reserve Board, construction activity converted to 1935-39 base. 2/ U. S. Department of Labor, Bureau of Labor Statistics. 3/ U. S. Department of Agriculture, Bureau of Agricultural Economics, to convert prices received and prices paid interest, taxes and wage rates to the 1935-39 base, multiply by .93110 and .79872 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Department of Commerce revised figures, seasonally adjusted at annual rates. 6/ U. S. Department of Commerce, Bureau of the Census. 7/ U. S. Department of Treasury. Data for 1949 are on average monthly basis.

Prices received by farmers rose an average of 6 1/2 percent from mid-June to mid-July, slightly exceeding parity for the first time in 15 months. The rise was due in part to general market reaction to the outbreak in Korea. However, it must be remembered that farm product prices had been gradually rising during the preceding 6 months and increases for some commodities, such as hogs and eggs, were partly seasonal. Seasonally larger marketings of meat animals and feed grains will have a moderating influence on prices this fall, so that farm prices during the remainder of 1950 may average about parity. However, prices of many individual products were below parity in mid-July and are likely to remain so during the next few months. Prices of nonfarm products have also advanced recently, particularly those of raw materials imported into the United States.

Cash receipts from farm marketings during the first 6 months of this year were running 8 percent below those of a year earlier. The recent advance in farm product prices, however, brought cash receipts in July above those of July a year ago. During the remaining months of 1950 farm prices may be sufficiently above the same months of 1949 to offset a moderate reduction in the volume of farm marketings.

Commodity Highlights

The seasonal increase in marketings this fall may result in moderate price declines for hogs and possibly small declines for the better grades of beef cattle. Milk production in 1950 may equal the 1945 record. Prices received by farmers for all milk at wholesale will increase seasonally during the remainder of 1950. Poultry prices this fall are likely to be near or above present levels. Future advances in egg prices beyond the normal seasonal increase will be tempered by the large current and prospective supplies. Although some seasonal decline in feed grain prices is in prospect this summer and fall, the extent of the drop will be tempered by the large volume of grain under price support and the 1950 loans. Grower prices for most deciduous fruits are expected to average somewhat higher in August and September than a year earlier. Moderately lower prices to growers for sweetpotatoes are likely this summer and fall than a year earlier. The present strength in domestic wool prices will probably continue for some time.

OUTPUT AND EMPLOYMENT

Industrial production in June rose to a new peacetime high, with activity in many lines at or above previous peaks. The Federal Reserve Board's index of industrial production, seasonally adjusted, was 199 (1935-39=100) in June, 2 percent above the previous peak reached in late 1948 and again in May this year, and 18 percent above June a year ago.

Expanding activity in the durable goods industries continued as the driving force behind the expansion in total industrial output. The index of durable goods production in June was 236, 2 percent above the previous peacetime high reached in October 1948 and May 1950, and 22 percent greater than in June a year earlier. Steel mill operations were

maintained near peak levels during the month, averaging 99.5 percent of capacity. Despite the maintenance of record operations for 11 consecutive weeks through the end of June, order backlogs were still at peak levels. Motor vehicle production in June totaled 857,000 cars and trucks, exceeding by far the previous high of 697,000 units produced in the preceding month. The June output brought the total number of units produced during the first 6 months of this year to 3.8 million, compared with 3.0 million in the same period last year. Machinery production rose in June for the seventh consecutive month with gains shown for both consumers' and producers' equipment. The urgent demand from the construction industry continued to press heavily upon the output of most building materials in June and activity in these industries remained near capacity levels.

Nondurable goods production in June was also a record, the index rising to 183 from 181 in May. Increasing production of paper and products, rubber, chemicals, and petroleum products accounted for most of the rise. Activity in most other industries was virtually unchanged from May.

Output of minerals increased 4 percent from May to June, reflecting increases in coal, petroleum and iron ore production.

Expenditures on new construction in June rose to a record of 2.4 billion dollars, 10 percent above May and 20 percent greater than in June a year earlier. Expenditures on residential nonfarm construction continued to show the greatest gain from a year earlier, increasing about 53 percent from June 1949. Industrial building rose above the year-ago level for the first time in 3 years. Highway construction was about the same as a year ago, while public utility outlays were lower.

About 142,000 new dwelling units were started in June, bringing the total for the first six months of this year to about 687,000. This was 53 percent above the same period in 1949, and by far the highest for any half year on record.

Final reports for the first quarter of this year indicate that one-family home construction accounted for 81 percent of total starts this year, compared with 77 percent for the same period last year. Increasing home-building activity was apparent in all sections of the country. New homebuilding in urban areas accounted for about 60 percent of all new starts, compared with 55 percent in the first quarter of last year.

To meet national defense requirements for many materials now used in residential and other construction without aggravating inflationary tendencies already evident in some of the materials, the President recently announced that he had taken the following actions: (1) Authorized the use of only 650 million of the 1,250 million dollars made available by Congress in the 1950 Housing Act for insuring new mortgages; and (2) directed Federal agencies to impose credit restraints in housing, to limit new public housing to not more than 30,000 units in the last half of 1950, and to employ other specified means designed to make financing terms somewhat more stringent.

Total civilian employment in June was virtually at the all-time peak reached in July, 1948. About 61.5 million persons had jobs in June, 1.8 million more than in May, 1.9 million above June 1949, and only 100,000 below the peak in July 1948. The seasonal expansion in farm employment accounted for more than half of the May-June increase. Non-agricultural employment was also substantially higher, rising from 51.7 million in May to 52.4 million in June. The rise in nonfarm jobs was due largely to the further expansion in factory and construction employment.

Despite near-record employment, the number of unemployed rose from 3.1 million in May to 3.4 million in June. The increase was entirely due to the entry of school age persons into the labor force many of whom were looking for temporary summer work. The number of adult workers out of jobs showed a further decline from May to June, while the number of long-time unemployed, estimated at 900,000, declined for the second successive month following an almost steady rise since the beginning of 1949.

According to results of a survey conducted recently by the Bureau of Employment Security, a further rise in employment is likely in July with the total exceeding the previous all-time high of 61.6 million. Although the expected gain will be nationwide, the greatest increase in employment is expected in the Far West, where employment peaks in construction and food processing are still ahead.

INCOME AND RELATED FACTORS

The estimated flow of personal income in May, excluding National Service Life Insurance refunds to veterans, was at a seasonally adjusted annual rate of 212.8 billion dollars, 3.0 billion above April and 6.3 billion above May a year ago. Increases in salary and wage receipts and proprietors and rental income accounted for most of the April-May rise.

Rising pay rolls in manufacturing and service industries in May brought total wage and salary receipts to an all-time high of 139.2 billion dollars (seasonally adjusted annual rate), 1.1 billion above April and 4.3 billion greater than in May a year ago.

Disbursements of National Service Life Insurance refunds to veterans declined to 95 million in May and 70 million in June from a peak of 887 million in March. At the end of June, about 2.6 billion of the estimated pool of 2.8 billion had been disbursed. The drop in the annual rate of payments between April and May offset increases in other income payments. As a result, personal income in May, including the refunds, was unchanged from April.

Dollar sales at department stores in June were 2.8 percent higher than in the previous month, largely reflecting further recovery in the movement of soft goods. The Federal Reserve Board's index of department store sales in June was 298 (1935-39=100), compared with 290 in May and 285 in June a year earlier. Sales at department stores rose sharply in late June and early July largely as a result of heavy anticipatory buying. During the week ending July 15, sales were 24 percent higher than a year ago. In the preceding 2 weeks sales averaged 9 percent above a year earlier.

Consumers continue to increase their use of credit. Total consumer credit outstanding at the end of May reached 19.1 billion dollars, 481 millions, or nearly 3 percent, greater than at the end of April and 3.2 billion, or 18 percent greater, than May a year ago. The April-May increase was the largest this year and reflected increases in the rate of expansion for all major types of consumer credit. Installment credit outstanding rose 352 million dollars to an estimated total of 11.7 billion at the end of May. Automobile sale credit accounted for about two-fifths of this increase, rising 145 million from April to a total of 3.6 billion dollars. Other sale credit and installment loan balances also showed increases, but these were more moderate. Noninstallment credit was estimated at 7.4 billion dollars, up 129 million from April.

The book value of total business inventories in May, after allowance for seasonal variations, was estimated at 55.2 billion dollars, 500 million above April. Manufacturers' stocks rose by 300 million from April; wholesalers' and retailers' stocks each were about 100 million greater than in April.

Retailers' stocks at the end of May were estimated at 14.3 billion dollars, with durable and nondurable goods increasing about equally. Within the durable goods group, dealers' inventories of motor vehicles and parts and accessories, building materials, and hardware showed advances from April. Within the nondurable goods group, a drop in general merchandise inventories was more than offset by increases in all groups except apparel and eating and drinking places.

COMMODITY PRICES

The pressure of increasing demand reinforced by developments in Korea resulted in a further rise in wholesale prices in June. The BLS index of wholesale prices rose to 157.3 (1926=100), 0.9 percent above May, 1.8 percent above June a year ago, but 7.4 percent below the peak reached in August 1948. All major groups of commodities participated in the May-June increase. Prices of foods advanced 1.4 percent over May; farm products, 0.7 percent; and industrial commodities, 0.8 percent. The strong demand arising from the high levels of activity in the automobile, construction and machinery industries was reflected in further rises in prices of metals and products and building materials. Prices of textile products and fuel and lighting materials also advanced, while prices of chemicals and allied products declined moderately.

Table 1.- Group indexes of wholesale prices, week ended
July 25, 1950 with comparisons

Group	(1926=100)				
	Week	Week	Week	Week ended July 25, 1950	
	ended	ended	ended	percentage change from	
	July 25, 1950	June 27, 1950	July 26, 1949	Week ended June 27, 1950	Week ended July 26, 1950
All commodities	163.7	157.1	153.0	+ 4.2	+ 7.0
Farm products	177.0	165.0	164.0	+ 7.3	+ 7.9
Foods	173.8	162.7	160.2	+ 6.8	+ 8.5
All other than farm and food	151.7	148.7	145.1	+ 2.0	+ 4.5
Textile products	140.8	136.7	138.3	+ 3.0	+ 1.8
Fuel and lighting materials	133.8	133.1	130.1	+ 0.5	+ 2.8
Metals and products	173.5	173.1	168.0	+ 0.2	+ 3.3
Building materials	207.2	201.4	188.7	+ 2.9	+ 9.8
Chemicals and allied products	118.6	114.3	118.4	+ 3.8	+ 0.2
	:	:	:	:	:
	:	:	:	:	:

Bureau of Labor Statistics

The first impact of the outbreak of hostilities in Korea on the commodity markets was a substantial increase in prices of many imported commodities, particularly rubber, tea and coffee. Soon afterwards, many domestic commodities began to advance. As a result, the general level of wholesale prices rose sharply. During the week ending July 25 the all-commodity index averaged 4.2 percent higher than four weeks earlier with all groups showing increases. Prices of farm products rose the most, 7.3 percent. Wholesale food prices were up an average of 6.8 percent from four weeks earlier. Prices of industrial commodities averaged 2.0 percent higher.

Compared with a year earlier, wholesale prices in early July were up 7.0 percent. Substantial gains from a year ago were shown by the building materials, foods, and farm products groups, which were up 9.8, 8.5 and 7.9 percent respectively. More moderate increases occurred in prices of other groups.

Generally higher prices for most agricultural commodities resulted in the sharpest monthly rise in the index of prices received by farmers since March 1947. At 263 (1910-14=100), this index was the highest in 18 months, 6.5 percent above a month ago and 6.9 percent above July 1949. All-crop prices averaged 5 percent higher than in June with most groups showing advances. Prices received for cotton and truck crops registered the sharpest gains among the crop groups, rising 11 and 10 percent respectively from mid-June. Prices received for livestock and livestock products advanced 7 percent from mid-June, reflecting substantial increases in average prices of meat animals and poultry and eggs and slight increases in prices of dairy products.

Table 2.- Group indexes of prices received by farmers, July 15, 1950
with comparisons

(1910-14=100)

Group				July 15, 1950	
	July 15, 1950	June 15, 1950	July 15, 1949	percentage change from June 15, 1950	percentage change from July 15, 1949
Food grains	226	218	209	+ 4	+ 8
Feed grains and hay	195	190	171	+ 3	+ 14
Cotton	278	251	253	+ 11	+ 10
Tobacco	387	388	404	1/	- 4
Oil-bearing crops	267	254	219	+ 5	+ 22
Fruit	211	207	217	+ 2	- 3
Truck crops	200	182	168	+ 10	+ 19
Other vegetables	186	186	227	0	- 18
All crops	236	225	221	+ 5	+ 7
Meat animals	371	342	316	+ 8	+ 17
Dairy products	232	227	237	+ 2	- 2
Poultry and eggs	173	156	213	+ 11	- 19
Wool	321	316	266	+ 2	+ 21
Livestock and prod.	287	268	269	+ 7	+ 7
Crops and livestock and products	263	247	246	+ 6	+ 7

1/ Less than one-half percent decrease.

In mid-July farmers' prices averaged 7 percent above those of a year earlier but price changes for individual commodity groups varied widely.

Prices received for poultry and eggs and vegetables other than truck crops were down sharply from a year earlier; those for tobacco, fruit and dairy products were moderately lower. On the other hand, substantial rises from a year earlier were shown for wool, oilseeds, truck crops, meat animals, food and feed grains and cotton.

Prices paid by farmers, including interest, taxes and wage rates in June rose for the fifth consecutive month. As of July 15, the BAE index was 256 percent of the 1910-14 average, up 1 point from mid-June and 6 points from July 1949. Advances in prices paid for feed, food, and building materials were largely responsible for the June-July rise. The greater rise in prices received than in prices paid raised the parity index (index of prices received divided by index of prices paid, including interest, taxes, and wage rates) to 103, 6 points above June and 5 points above July a year earlier.

Prices paid by urban consumers of moderate incomes continued to advance in June. The BLS index of consumers' prices in that month rose to 170.2 (1935-39=100), compared with 168.6 in May and 169.6 in June last year. Further gains in prices of meats and increases in prices of fruits and vegetables and fats and oils accounted for most of the May-June rise. Rents continued to move upward, rising fractionally from the previous month. Prices of fuel and clothing averaged about the same as in May.

THE BALANCE OF PAYMENTS

In the first quarter of 1950, U. S. exports and the export surplus (excess of exports over imports) continued to decline and were down to the lowest levels of the postwar period. Incomplete data for the second quarter of 1950 indicate that these trends were reversed. Exports increased slightly more than imports with the result that the export surplus was slightly greater.

Table 3.- Financing of United States exports of goods and services in specified periods

(Billions of dollars)					
Period	Means of financing				
	U. S. exports	U. S. imports	U. S. and short-term dollar assets by foreign countries (Net)	U. S. Government grants and loans to foreign countries (Net)	Other sources and balancing item 1/ (Net)
	(1)	(2)	(3)	(4)	(5)
1935-39 ann. average	4.0	3.4	1.1	(-) 0.1 2/	(-) 0.4
1946	14.7	7.0	1.9	5.0	0.8
1947	19.8	3.3	4.5	5.8	1.2
2nd qtr. (ann. rate) 3/	21.1	8.4	4.7	8.0	0
1948	17.1	10.4	0.8	5.1	0.8
1949					
1st qtr. (ann. rate)	17.3	10.2	0	6.7	0.4
2nd qtr. (ann. rate)	17.8	9.7	1.5	6.6	0
3rd qtr. (ann. rate)	14.7	9.4	0.3	5.9	(-) 0.9
4th qtr. (ann. rate)	14.0	9.6	(-) 1.8	4.6	1.6
Total 1949	16.0	9.7	0	(4/ 5.9	0.4
1950					
1st qtr. (ann. rate)	12.8	10.1	(-) 1.9	4.4	0.2

1/ Includes loans of U. S. dollars by the International Bank and by the International Monetary Fund. In 1948 these loans totaled to 379 million dollars. In 1949 they totaled 137 million dollars.

2/ Includes private loans and remittances to foreigners which in other periods is in Column 5.

3/ The second quarter of 1947 was the quarter with the highest postwar exports and export surplus.

4/ Includes 4.1 in E.R.P. grants and loans and 1.1 in grants for civilian supplies in occupied areas. The remainder of 0.7 billion is accounted for by other U. S. Government foreign grants and loans.

The export surplus in the first quarter of 1950 was down about 10 billion dollars, on an annual rate basis, from the second quarter of 1947 when it reached a postwar high. This decline resulted mainly from a fall in exports of goods and services. The increase in imports only accounted for 17 percent. In the first quarter of 1950, exports of goods and services were at an annual rate of 12.8 billion. This was 8.3 billion dollars lower than the exceptionally high level in the second quarter of 1947. The most important factors contributing to this decline were: (1) the decrease in U. S. Government aid in the financing of foreign purchases in the United States (amounting, on an annual basis, to 3.6 billion dollars between the two quarters); (2) the change in the movement of foreign reserves of dollar exchange; (3) the reduction in the dependence of foreign countries on the United States as a source of supply; and (4) the devaluation of many currencies in terms of the dollar that took place beginning in September 1949.

As to the second factor there was a change in the movement of foreign reserves of dollar exchange amounting to 6.6 billion dollars, on an annual rate basis, between the second quarter of 1947 and the first quarter of 1950. In the former quarter foreign countries decreased their gold and dollar reserves at the rate of 4.7 billion dollars per year but in the first 3 months of 1950 they built up their reserves at the rate of 1.9 billion dollars per year.

The third factor--the reduction in the dependence of foreign countries on the United States as a source of supply--has been brought about by an increase in foreign production and by the filling by foreign countries of their most pressing reconstruction and replacement requirements.

The fourth factor--the devaluation of foreign currencies in terms of the dollar probably has had only a minor part in the decline in U. S. exports. It tended to decrease U. S. exports by increasing the prices of U. S. export goods in terms of the devalued currencies.

FOREIGN AID FUNDS

In the first legislative action on foreign aid appropriations to date the Senate Committee on Appropriations recommended in mid-July the following appropriations for the specified foreign aid programs for the fiscal year 1951. Military aid programs and the International Development program are omitted from the following comparisons because these programs presumably will aid the export mainly of military goods and of technical assistance. The recommended appropriations for fiscal 1951 are 40 percent less than funds appropriated for these programs for fiscal 1950.

Table 4.- Principal non-military foreign aid programs; appropriations or recommended appropriations for the fiscal years 1949 through 1951 1/

(Millions of dollars)			
Program	Appropriated for fiscal year 1949	Appropriated for fiscal year 1950	Fiscal year 1951 recommended by the Senate Committee
Economic Cooperation Administration	2/ 5,074.0	3,628.4	2,391.9
Government and relief in occupied areas	1,300.0	912.5	288.0
Assistance to Korea	0	110.0	90.0
Total	6,374.0	4,650.9	2,769.9

1/ Does not include public debt authorizations and reappropriations of prior year balances of unobligated funds.

2/ For the fifteen months beginning April 3, 1948.

FARM INCOME

Cash receipts in July

Farmers' receipts from marketings in July are tentatively estimated at 2.3 billion dollars, 22 percent above June and slightly above a year ago. Prices averaged 6 1/2 percent above both the previous month and July of last year. The volume of marketings was substantially above June but smaller than in July 1949.

Receipts from livestock and products totaled about 1.3 billion dollars, about the same as in June but 6 percent greater than a year ago. Meat-animal receipts were probably slightly greater than in the previous month and about 20 percent above July of last year. The seasonal decline in marketings of meat animals was more than offset by slightly higher prices. The increase over last year was due largely to prices. Dairy-product receipts in July were a little below June with prices averaging slightly higher while marketings dropped seasonally. Receipts from poultry and eggs were about the same as in June, but below a year ago because of lower prices.

July crop receipts totaled approximately 1.0 billion dollars, substantially more than in June but about 4 percent below a year ago. Crop prices in July averaged 5 percent higher than in June and 7 percent higher than in July of last year. Crop marketings were up seasonally, but they were down from July of last year. Receipts from wheat were up sharply from June, but they were somewhat less than a year ago because of a smaller crop. The new tobacco crops in Georgia and Florida started to market in

July, and tobacco receipts were higher than in June. Receipts from vegetables were a little above June because of larger marketings and higher prices of truck crops. Receipts from fruits were about the same as in June, as smaller marketings were offset by higher prices. Receipts from the new crop of oats accounted for most of the increase over June in feed crops. Receipts from cotton were up from the previous month as the new crop was being marketed in Texas, and prices were slightly higher.

Cash receipts, January-July

Cash receipts from farm marketings in the first 7 months of 1950 totaled approximately 12.9 billion dollars, down 7 percent from 1949. Prices averaged 4 percent below the same period last year and marketings were slightly smaller.

Receipts from livestock and products were 8.3 billion dollars, down 4 percent from 1949. Meat-animal receipts were about the same as last year. Receipts from both dairy products and poultry and eggs, however, were lower than last year--dairy products only slightly, as larger sales partly offset lower prices, but poultry and eggs by some 20 percent because of lower prices.

Crop receipts amounted to 4.6 billion dollars, or 11 percent below the first 7 months in 1949. Receipts from wheat were lower, mainly because of smaller marketings (including loans and deliveries on purchase agreements). Receipts from cotton so far in 1950 are also somewhat smaller, partly because of lower average prices, but also because a larger proportion of the 1949 cotton crop was marketed during the year it was produced. Slightly lower average prices, and smaller marketings of soybeans and peanuts, account for the decline in receipts from oil-bearing crops. Price declines are largely responsible for smaller cash receipts from vegetables. Receipts from fruits and tobacco are up slightly.

LIVESTOCK AND MEAT

Output of meat, now at its seasonal low, will increase gradually the rest of the year. Production in October-December is expected to be slightly larger than a year earlier. The gain will be in pork, largely because of the 3 percent increase in the spring pig crop, and in the better grades of beef. Beef production from grass cattle probably will be about the same as in the fall of 1949.

Prices for meat and meat animals are expected to decline this fall, although strengthening consumer demand due to increased defense programs may restrict some of the seasonal decline in prices associated with increased fall marketings.

Total supplies of meat for the second half of 1950 will include about the same quantity from cold-storage stocks and from imports as in the second half of 1949. Although greater than average amounts of meat were withdrawn from cold-storage during June, cold-storage stocks on July 1 were about the same as a year earlier.

Consumption of meat per person in the October-December quarter is expected to be up a little from the 37.3 pounds in that quarter last year. For 1950 as a whole, consumption per person is expected to about equal the 144 pounds in 1949. This would be about the same as in 1945, but below other years since 1942.

Prices of meat animals and meats have generally advanced since mid-April. The index of prices received by farmers for meat animals in mid-July was 371, 19 percent above mid-April and 17 percent above July 1949. The increase in prices of choice grade cattle and beef, however, was relatively small. Demand for meat has been strong this spring and summer, although short of the record demand of the summer of 1948. The seasonal increase in marketings this fall may result in moderate price declines for hogs and possibly small declines for the better grades of beef cattle. No significant drop for the lower grades of beef cattle is in prospect, because demand for feeder cattle is likely to remain strong through the fall. Sheep and lamb prices are expected to follow about the usual seasonal pattern of a small decline in early fall.

In the first 5 months this year, 2 percent fewer lambs and yearlings but 25 percent more mature sheep (mostly ewes) were slaughtered under Federal inspection than a year earlier. Because of this increase in slaughter of ewes it is possible that sheep numbers will be reduced again in 1950.

A moderate reduction in the number of cattle and calves slaughtered so far this year compared with last together with a larger number of breeding stock on January 1 point to an increase in cattle numbers in 1950.

Another large corn crop and larger production of oats and barley than in 1949 is in prospect for this year. With a heavy carry-over, dominated by unusually large stocks of corn, supplies of feed concentrates per animal unit will be nearly as large as the record supply of the last year. Hay supplies will be ample, probably near record per hay-consuming animal unit. The prospective large supply of corn on farms will support farmers' earlier intentions to keep more sows for fall farrowing. It may also result in slaughter weights of hogs close to those of last year, and may be followed by another winter of large numbers of cattle fed on grains for slaughter.

DAIRY PRODUCTS

Production of milk reached the seasonal high a little later than last year because of the slower development of spring pastures. After dropping a little below the 1949 rate during May, total flow of milk in June was again larger than a year earlier. Total flow in the first 6 months of 1950 was 62.9 billion pounds, 2 percent over the first half of 1949. With production at an annual rate of 121.7 billion pounds in the first half of 1950, it appears possible that total output in 1950 will equal or exceed the previous record of 121.5 billion pounds reached in 1945.

Fresh milk outlets have absorbed a substantial portion of the gain over a year earlier in total milk output. Retail prices of fluid milk were 5 percent lower than in the first 5 months of 1949 and consumer incomes were slightly greater.

The remainder of the net gain in output has been channeled to manufactured dairy products. Compared with the first 5 months of 1949, output of butter was up 4 percent, the largest gain, while nonfat dry milk solids were up 2 percent. Output of evaporated and condensed milk was up slightly, while ice cream, and cheese were slightly smaller. Production of dry whole milk was 7 percent smaller.

Supplies of dairy products continue to exceed private domestic and export demands at support levels. The excess had been channeled into U.S.D.A. stocks and consisted of the following amounts for the first half of 1950: Butter 96 million pounds; cheese 56 million pounds; and nonfat dry milk solids 257 million pounds.

Prices of manufactured dairy products have been stable over the past year but are now 10 to 40 percent below the 1948 peaks. In mid-July, prices to farmers were 4 percent lower than a year earlier for all milk at wholesale, while the butterfat price was slightly higher. In the remainder of 1950, prices to farmers for all milk at wholesale will increase seasonally.

Reductions in retail prices of dairy products of the past 2 years have been accompanied by increases in consumption of most manufactured dairy products. In January-May 1950, the retail butter price was 20 percent lower than in 1948 and apparent disappearance was greater by about 26 percent. In the same period, cheese prices were down 11 percent and disappearance was up 11 percent. Average real incomes per person have been stable over the past 2 years; over-all cost of living has changed little and total food consumption has been stable at 11 percent over the 1935-39 average.

POULTRY AND EGGS

Market reaction to the Korean outbreak reinforced the seasonal price rise which usually occurs in mid-summer. The average price received by farmers for eggs in mid-July was 34.2 cents per dozen, 4.1 cents above mid-June and the sharpest increase for that period on record. Despite the advance; however, egg prices remain below last year because of the reduced price support and the large supplies available.

Egg production, though declining seasonally, is about 5 percent larger than a year ago. Stocks of shell eggs in cold-storage are 60 percent larger than a year ago. The certified price stipulated by the Department of Agriculture for payment to farmers whose eggs are to be dried is 29 percent lower than a year ago.

Average prices received by farmers for chickens have advanced in the past month, rising from 22.1 cents per pound (live) in June to 23.4 cents in July. The advance occurred despite an increase in the volume of poultry marketed, and probably was partly influenced by the high level of meat prices. Chicken prices fell abruptly last summer, dropping 28 percent from April to August 1949. No such trend has occurred

in 1950. The July 1950 price slightly exceeds the 1950 average to date, and is only 0.3 cents per pound lower than the average of the last half of 1949.

Turkey prices are further below a year earlier than chicken prices. In July, farmers received an average of 30.5 cents per pound (live). This is 4.2 cents lower than a year ago. Factors in the decline are the absence of price support for this year's turkey crop, and large cold storage holdings. Present indications are that the 1950 turkey crop will exceed last year's large production. In July, 6 1/2 million pounds of 1949-crop turkeys were bought by the Department of Agriculture for price support, raising the total purchases from that crop to about 15 1/2 million pounds, about 2 percent of the 1949 production.

Although monthly supplies of poultry meat this fall will be about one-fifth larger than during this spring, the expected rise in consumer incomes and high meat prices will tend to hold poultry prices near or above present levels.

FATS, OILS AND OILSEEDS

The index number of wholesale prices of 26 major fats and oils (butter excluded) in July was about 170 (1935-39=100) compared with 151 in June, 138 in November 1947-- the postwar low-- and 154 in July 1949. Compared with a year earlier, the June level of wholesale prices of major food fats was up substantially with increases ranging from 3 cents per pound for lard to more than 4 cents for cottonseed oil. Of the major soap fats and oils, the price of prime inedible tallow averaged about 1 1/2 cents per pound more, but coconut oil declined slightly from a year earlier. During the same period the price of linseed oil declined about 6 1/2 cents while the price of tung oil was up about 3 cents.

Reflecting the impact of the international situation on the domestic economy, prices of many of the major fats and oils rose substantially in July. Wholesale prices of lard and inedible tallow and greases rose about 20 percent, coconut oil increased about 10 percent and cottonseed and tung oil (New York) were up about 5 percent over their May averages. Export demand for inedible tallow and greases was strong in July.

Production of edible fats and oils except butter but including the oil equivalent of peanuts and soybeans exported in the year beginning October 1, 1950 may be about as large as the estimated record 7.1 billion pounds that will be produced in the year ending September 30, 1950. Output of these fats and oils totaled 5.0 billion pounds in 1941 and was at an average annual rate of 4.6 billion pounds in 1937-41. Production of lard may rise to 2,750 million pounds compared with an estimated 2,650 a year earlier. On the basis of acreage estimates as of July 1, 1950, output of edible vegetable oils may be somewhat smaller than the estimated record 4.3 billion being produced in 1949-50.

The July 1 crop report indicated that production of 1950 crop flaxseed will total 29 million bushels, about 14 million less than last year. This is sufficient to produce approximately 500 million pounds of linseed oil and provide seed for the next crop. With stocks of linseed oil and old crop flaxseed in terms of oil, most of which is owned by CCC, estimated at about 950 million pounds on July 1, 1950, supplies of linseed oil and flaxseed in the year which began July 1, 1950 total about 1,450 million pounds. Consumption of linseed oil in the year that ended June 30, 1950 is estimated at 550 million pounds. This compares with the record 872 million pounds consumed in 1941-42.

Total output of inedible tallow and greases, the principal fat used in soap, in the year beginning October 1, 1950 is likely to be moderately larger than the 2.1 billion pounds estimated for 1949-50. Production totaled 1.7 billion pounds in 1941 and averaged 1.2 billion pounds in 1937-41. The increase in production of inedible tallow and grease reflects an increase in the 1950 pig crop and a prospective increase in cattle slaughter.

CORN AND OTHER FEED

Generally favorable growing conditions through early July indicate supplies of both feed grains and roughages will be fully adequate for domestic requirements during 1950-51. The prospective supply of all feed concentrates is only slightly smaller than the record of 180 million tons in 1949-50, either in total or per grain-consuming animal unit. The 1950 production of feed grains as indicated in July is only 3 percent smaller than in 1949 and a record carry-over of feed grains is in prospect. The corn supply is expected to total around 4.1 billion bushels, only slightly smaller than the record supply of last year. Supplies of oats and barley are estimated to be about the same as in 1949-50.

Prices of most feed grains advanced further from June to July reflecting strong demand for feed and the general market reaction to developments in Korea. The average price received by farmers for corn in mid-July, at \$1.44 per bushel, exceeded the 1949 U. S. average support level of \$1.40 for the first time since before the harvest of the bumper crop of 1948. While stocks of corn are ample for the requirements this summer, the larger volume of corn under price support will be an important factor in maintaining corn prices near the support level during the next 2 or 3 months. Prices of oats, barley, and sorghum grains in July were all above the recently announced supports on the 1950 crops. The index of feed grain prices in July was 17 percent higher than a year earlier, and the highest since September 1948. While some seasonal decline in feed grain prices is in prospect this summer and fall, the amount of the decline will be tempered by the large volume of grain under price support, and the 1950 loans. Feed grain prices probably will continue higher in the last half of 1950 than in the same period of 1949.

The hay supply, estimated in July at about 118 million tons, would provide a record supply of hay per hay-consuming animal unit, nearly one-fifth larger than in the immediate prewar period. Pastures have improved since spring and in July were about average and as good as a year ago.

Domestic disappearance of feed grains in April-June was slightly larger than a year earlier and about the average of recent years. Stocks of corn on July 1 totaled 1,421 million bushels, 10 percent larger than a year earlier. Over one-half of the July 1 stocks were under loan or in Government ownership.

WHEAT

The U. S. average price received by growers for all wheat in mid-July was at the national loan rate of \$1.99 per bushel. Winter wheat prices were seasonally below the loan level. Developments in the Korean situation, together with a car shortage which has slowed movement to market, however, have strengthened prices. On July 28 the price of No. 2 Hard Winter at Kansas City at \$2.22 was only about 3 cents under the new loan level of \$2.25 at that market. The low of \$2.09 for this year was reached on June 24. In 1949, No. 2 Hard Winter at Kansas City reached a low of 35 cents under the loan on July 2, and in 1948 a low of 18 cents under the loan on August 2. The price of No. 1 Dark Northern Spring at Minneapolis on July 28 was about 8 cents above the loan rate of \$2.27 at that market. The decline in the price of spring wheat always lags behind any adjustment in winter wheat because of the difference in harvest dates. Following the harvest and heavy-marketing movement, prices are expected to advance again.

Sales of Government-owned wheat have recently been made in the Minneapolis market. On June 30 the CCC announced that quantities of wheat were available to domestic buyers during July at the market, but not less than the applicable 1949 loan rate for the class, grade, quality and location plus 28 cents per bushel. Sales of Government wheat were limited to high protein.

Total domestic wheat supplies for 1950-51 are now estimated at 1,374 million bushels, consisting of a carry-over July 1, 1950 of 417 million bushels and a 1950 crop estimated at 957 million bushels. A supply of this size would be about 5 percent less than a year earlier. As now estimated, the 1950 crop will be the first to fall below a billion bushels since 1943.

Domestic disappearance from 1950-51 supplies may total about 725 million bushels. If exports should total 250 million bushels, total disappearance would be 975 million bushels, or about equal to the indicated crop. Accordingly, the carry-over July 1, 1951 would be about the same as the 417 million bushels estimated for July 1, 1950. This would be the first year since 1947, that carry-over would fail to increase. The carry-overs in 1932-41 averaged 235 million bushels, and the all-time high was 631 million bushels reached in 1942.

A national acreage allotment of 72.8 million acres for 1951 crop was announced on July 14. No wheat marketing quotas will be proclaimed for the 1951-52 marketing year. The acreage allotment for 1951 is the same as the final wheat acreage allotment for 1950, and slightly larger than the 71.5 million acres seeded to the 1950 crop. With average yields, the 1951 allotment would result in a wheat crop of 1,150 million bushels.

FRUIT

With the 1950 deciduous fruit crop smaller than the large 1949 crop, some reduction in stocks of canned deciduous fruits, and continued strong consumer demand, grower prices for most deciduous fruits are expected to average somewhat higher in August and September than a year earlier. However, prices this summer are expected to decline about seasonally as marketings from the new crop increase in volume.

Production of deciduous fruits in 1950 will be about 11 percent smaller than in 1949 and 4 percent smaller than the average for 1939-48 if the crops turn out as estimated on July 1. The commercial apple crop is expected to be about 11 percent smaller than the large 1949 crop but 9 percent larger than average. Other major fruit crops are smaller than in 1949, as follows: Sweet cherries, 42 percent; peaches, 26 percent; pears, 22 percent; and plums and prunes, 18 percent. On the other hand, the sour cherry crop is 29 percent larger than the 1949 crop and a new record, while the grape and apricot crops are each 3 percent larger. Among the tree nuts, prospective production is smaller than that of 1949, as follows: Walnuts, 27 percent; almonds, 17 percent; and filberts, 53 percent.

Despite the moderately smaller deciduous fruit production this year, supplies of most fruits for processing probably will again be adequate. Large tonnages of clingstone peaches, pears, sour cherries, and apples will again be available for canning. The 1950 pack of canned fruits may turn out about as large as those of the last few years. Tonnages of grapes and prunes for drying will be more than enough for the usual domestic uses.

Practically all fresh citrus fruit marketed during August and September will come from California. For these months, prospective supplies of Valencia oranges and lemons are a little larger than a year ago while those of grapefruit are about the same. Large supplies of frozen and canned citrus juices are expected to be available this summer and fall at prices not greatly different from present levels.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices farmers will receive for commercial truck crops shipped to fresh markets during August and September probably will average about as high as a year ago but are expected to be seasonally lower than during June and July.

Production estimates to date, covering three-fourths of the total summer tonnage, indicate about the same gross volume for the fresh market this summer as was produced a year earlier. Substantial increases in the total summer tonnage of cabbage and watermelons are offset by sharp reductions in celery and tomatoes. Reductions indicated for eggplant and green peas are considerable, percentage wise, but are of much less significance in terms of tonnage. Production of the important late-summer crop of onions has not been estimated, but acreage is 5 percent larger than last year.

For Processing

The Korean situation developed too late to affect processors contracts with growers, which were concluded some months past. It may, however, have some effect upon processors demand for additional tonnage bought in competition with fresh market outlets.

Aggregate acreage of 10 truck crops planted for commercial processing is about 6 percent smaller than that of last year. Production of green peas for processing is indicated to be (15 percent) larger than last year; that of snap beans, (11 percent) smaller. Reductions in planted acreage compared to last year range from (13-23 percent) for green lima beans, pickling cucumbers, and sweet corn. On the other hand, slightly increased acreages have been planted for canning beets, kraut cabbage under contract, and tomatoes for processing.

Total stocks of commercially canned vegetables in the hands of packers and wholesale distributors were larger this June 1 than a year earlier for snap beans and sweet corn but they are moving into retail distribution channels at a rapid rate. Reductions in pack this year are indicated. Current stocks are substantially smaller than a year earlier for canned green peas, tomatoes, tomato juice and tomato products generally. Cold-storage stocks of frozen vegetables are high, reflecting the record pack of last year, but likewise are moving out rapidly. Consumption of both canned and frozen vegetables is continuing at about the same high rates as last year.

POTATOES AND SWEETPOTATOES

Prices received by farmers for potatoes in August and September probably will continue somewhat lower than prices received a year earlier. Although the 1950 potato crop indicated in the intermediate States is slightly smaller than the 10-year average crop, it is nearly 3 million bushels larger than the 1949 crop. Last year, 3.4 million bushels, or about one-eighth of the crop, in these States were bought for price support. The crop indicated in the late States is somewhat smaller than that harvested last year, but it is considerably larger than necessary to meet expected demand at support levels. Support prices on the 1950 crop are slightly lower than those that applied to the 1949 crop because of the decline in the parity price.

Substantial quantities of 1950-crop potatoes already have been bought by the Government to support prices. Purchases by mid-July exceed those of a year earlier by about the same amount that the crop in the early States exceeded that of last year.

Moderately lower prices to growers for sweetpotatoes than a year earlier are likely this summer and fall, as the result of the larger supplies now indicated. Prospective production is 7 percent larger than the 1949 crop because of increases in acreage. Also, an increased proportion of the crop is being grown in areas producing for commercial sale, with less emphasis on home use. Though the prospective 1950 sweetpotato crop is larger than each of the 3 crops just past, it is about 6 percent smaller than the 1939-48 average.

DRY EDIBLE BEANS AND PEAS

Prices received by farmers for dry edible beans and dry field peas are expected to remain fairly stable until the new crops become available in late summer and early fall. Eligible varieties and grades of dry beans of the 1950 crop will be supported at prices intended to reflect about 75 percent of parity to growers who observe their acreage allotments or an average of about \$6.30 per hundredweight, thresher-run basis. Support on the 1949 crop, which was not contingent upon acreage allotments, averaged about 25 cents per hundredweight higher, based on a slightly higher percentage of parity for that crop. July 1 prospects were for a 1950 dry edible bean crop one-fifth smaller than the record large crop last year, but only slightly smaller than the 1939-48 average. Large surplus supplies of beans from former crops still remain in Government hands.

There is no support program for 1950 crop dry field peas. Support on the 1949 crop was 60 percent of parity. The smallest dry pea crop since 1940 is forecast for 1950. It is about one-seventh smaller than the 1949 crop and less than half of the 1939-48 average but about the same as the 1931-40 average. The reduction from 1949 results from a sharp reduction in acreage, which more than offsets a large increase in average yield per acre.

Total supplies of dry peas are expected to be adequate to meet probable demand at near current price levels.

COTTON

In late July cotton prices were at the highest level in 2 years. Domestic mill consumption and exports, have been at high rates and are expected to approach 14 1/2 million bales for the full 1949-50 season--the highest in 17 years.

The carry-over of cotton on August 1, will be close to 7 million bales, about 1 3/4 million bales more than a year earlier but only a 6 months supply at the 1949-50 rate of utilization. The 1950 cotton acreage under cultivation on July 1 is estimated at slightly over 19 million acres, only 69 percent of the 1949 acreage and with the exceptions of 1945 and 1946, the lowest since in the 1870's.

Domestic mill consumption of cotton in June was 841,000 bales, bringing the total for the first 11 months of the 1949-50 season to 8,259,000 bales, 11 percent above last season. Exports in May, the latest month for which official data are available, were 539,105 bales. The season total through May was 4,765,000 bales, 19 percent above the same period last season and only 4 percent below the 1935-39 average.

Domestic mill consumption for the full 1949-50 season is expected to be close to 9 million bales and exports will exceed 5 1/2 million bales. This would leave a carry-over on August 1, 1950, of close to 7 million bales, about 1 3/4 million bales more than at the beginning of the 1949-50 season. CCC pool and loan stocks of cotton on August 1, probably will not exceed 3 1/2 million bales. Such stocks would be slightly smaller than a year earlier.

Middling 15/16" cotton on July 27 averaged 39.02 cents per pound in the 10 designated markets, compared with 33.78 a month earlier and 31.57 on the same date a year ago.

On July 18, the U. S. Department of Agriculture announced that offers to purchase 1948-crop cotton will be accepted on an every-other-day basis instead of at periodic intervals. There are approximately 3,300,000 bales of 1948-crop pooled cotton in CCC inventory. It also announced that 1949-crop CCC loans, which had a maturity date of July 31, 1950, would be carried until September 30, 1950. As of July 20, 1950, there were loans outstanding on 589,400 bales.

WOOL

The average price received by growers for shorn wool during 1950 will average somewhat higher than last year. During the last 3 months, the period of heaviest marketings, prices received have averaged considerably higher than last year. The average price received in July was 57.1 cents per pound, grease basis, compared with 56.2 cents in June and 47.3 cents in July of last year. Practically all of the 1950 spring clip has been sold by growers.

In late July prices of all domestic wools advanced at Boston with increases over mid-July ranging from 4 cents for graded territory fine combing to 20 cents for original bag fall Texas wools. The present strength in domestic wool prices probably will continue for some time.

Stocks of apparel wool held by dealers, manufacturers, and the CCC on April 1 totaled 143 million pounds, scoured basis, 28 percent below a year earlier. This was equivalent to about 17 weeks of consumption at the January-March rate compared with the 1935-39 average of 21 weeks. Of the total, 17 million pounds were CCC holdings, of which all but about 250 thousand pounds had been sold by July 1. Since open-market prices for domestic wools have been above CCC purchase prices, no wool has been purchased under the 1950 support program. Little, if any, wool is expected to be purchased by the CCC during the remainder of the 1950 marketing season.

During the first 5 months of this year, imports for consumption of dutiable (apparel) wool totaled 172 million pounds, actual weight, almost double the quantity for the same period of last year. Imports of duty-free (carpet) wools of 155 million pounds, actual weight, were more than twice the quantity imported during the corresponding period of 1949.

Consumption of apparel wool by domestic mills has been at a substantially higher rate than last year. During January-May, mills consumed 171 million pounds of apparel wool, scoured basis. The average weekly rate of consumption for the period was about 34 percent above the rate for the same period in 1949. Domestic mills consumed 84 million pounds of carpet wool, scoured basis, during the same period, about 10 percent higher than during the first 5 months of 1949.

TOBACCO

Georgia and Florida auction markets for the 1950 crop of type 14 flue-cured tobacco began in the last week of July with prices averaging 51 cents per pound—16 percent higher than in the same period last season but 3 percent lower than during the opening week in 1948. The 1949 season average price for type 14 was 40.3 cents per pound. Auctions for other flue-cured types (11-13) begin in August and September.

Flue-cured prices for all belts combined are expected to be higher than last season's 47.2 cents per pound. Domestic requirements for flue-cured will continue large and export prospects are favorable. The 1950 support level of 45 cents per pound is 6 percent higher than last season. The July indication was for a 1,150 million pound crop—3 percent above last year, but carry-over on July 1 was less than a year earlier so that total supply for 1950-51 is just about the same as for 1949-50.

Maryland tobacco auctions are nearing the end of the sales' season for the 1949 crop. The average price for the season through late July was close to 48 cents—well above the support level but lower than the previous season's average. The July report on the 1950 Maryland crop indicated a considerably smaller crop than in 1949.

Indicated Burley production is 11 percent below 1949 and reflects the reduction in acreage allotments from last year. Burley stocks are large and total supply of Burley for 1950-51 will be only a little lower than the record 1949-50 supply.

A strong demand for cigarette tobacco from the 1950 flue-cured and Burley crops is in prospect. United States cigarette consumption during fiscal 1950 reached 355 billion—topping last year's record by about 3 billion.

In the year ended June 30, output of smoking tobacco rose over that of 1948-49, and snuff held about even, but chewing tobacco dropped off a little. These latter two products are major domestic outlets for fire-cured and dark-air-cured tobacco. According to July indications, the 1950 fire-cured and dark-air-cured crops will be down 14 and 6 percent, respectively, from last year. The 1950 acreage allotments for both kinds are lower than in 1949.

Cigar consumption during fiscal 1950 was about 5-1/2 billion—a little less than during the previous year. The July indications on cigar filler and binder were for larger crops than in 1949, but wrapper is almost one-fifth less. Carry-over of wrapper is large, however.

Tobacco exports during the year ended June 30 exceeded those of 1948-49. ECA financing is an important factor assisting exports of United States tobacco to countries in western Europe. In recent months, much larger quantities of U. S. leaf tobacco than heretofore were shipped to the Philippine Republic, but their imports of United States cigarettes have been sharply curtailed.

1. The first part of the paper is devoted to a general discussion of the problem. It is shown that the problem is of great importance and that it has not been completely solved. The author then proceeds to a detailed analysis of the problem.

2. In the second part of the paper, the author considers the special case of the problem. It is shown that the problem can be solved in this case and that the solution is unique. The author then discusses the properties of the solution.

3. In the third part of the paper, the author considers the general case of the problem. It is shown that the problem can be solved in this case and that the solution is unique. The author then discusses the properties of the solution.

4. In the fourth part of the paper, the author considers the problem of the existence of a solution. It is shown that a solution exists and that it is unique. The author then discusses the properties of the solution.

5. In the fifth part of the paper, the author considers the problem of the stability of the solution. It is shown that the solution is stable and that it is unique. The author then discusses the properties of the solution.

6. In the sixth part of the paper, the author considers the problem of the convergence of the solution. It is shown that the solution converges and that it is unique. The author then discusses the properties of the solution.

7. In the seventh part of the paper, the author considers the problem of the regularity of the solution. It is shown that the solution is regular and that it is unique. The author then discusses the properties of the solution.

U. S. Department of Agriculture
Washington 25, D. C.

Penalty for private use to avoid
payment of postage \$300

OFFICIAL BUSINESS

BAE-DPS-7/50-4900
PERMIT NO. 1001

